



The North West Company is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean.

NEWS RELEASE - FOR IMMEDIATE RELEASE

The North West Company Inc. Announces Third Quarter Earnings and a Quarterly Dividend

Winnipeg, Manitoba, December 11, 2019 (TSX: NWC): The North West Company Inc. (the "Company" or "North West") today reported its unaudited financial results for the third quarter ended October 31, 2019. It also announced that the Board of Directors have declared a dividend of \$0.33 per share to shareholders of record on December 31, 2019, to be paid on January 15, 2020.

"This quarter was led by gross margin gains in Canada and solid same store sales in International, despite a delay in Alaska Permanent Fund Dividend payments," commented President & CEO Edward Kennedy. "We have good sales momentum in all banners heading into the final weeks of holiday selling and we expect net margin rates to be up over last year, building on our third quarter trends."

Financial Highlights

Third quarter consolidated sales increased 1.6% to \$519.5 million led by same store sales gains in International Operations, the impact of foreign exchange on the translation of International Operations sales and new stores. Excluding the foreign exchange impact, consolidated sales increased 0.9% and were up 0.4%¹ on a same store basis. Food sales¹ increased 2.0% and were up 1.5% on a same store basis led by sales gains in International Operations. General merchandise sales¹ decreased 3.2% and were down 4.3% on a same store basis due in part to a delay in the issuance of Permanent Fund Dividend cheques in Alaska until late October and lower big-ticket sales in Canadian Operations.

Gross profit increased 3.3% driven by higher sales and a 53 basis point increase in gross profit rate. The increase in gross profit rate was due to higher general merchandise and other business margin rates in Canadian Operations.

Selling, operating and administrative expenses ("Expenses") increased 23.1% and were up 446 basis points to last year as a percentage to sales primarily due to a \$17.0 million pre-tax hurricane-related insurance gain in International Operations and a \$3.1 million pre-tax fire-related insurance gain in Canadian Operations last year. Support office restructuring and relocation expenses and store opening costs in International Operations of \$2.3 million were also factors. Excluding the impact of the insurance gains, support office restructuring and store opening costs, Expenses increased \$2.6 million or 11 basis points as a percentage to sales partially due to higher insurance and utility costs.

Earnings from operations decreased 34.5% to \$37.0 million compared to \$56.5 million last year and earnings before interest, income taxes, depreciation and amortization (EBITDA²) decreased \$18.3 million or 23.6% to \$59.3 million. Excluding the impact of the \$20.1 million in insurance-related gains last year and share-based compensation, adjusted EBITDA² was up 2.5% compared to last year and as a percentage to sales was 11.3% compared to 11.2% last year as sales gains and improvements in gross profit rate were partially offset by the Expense factors noted above.

¹ Excluding the foreign exchange impact

² See Non-GAAP Measures Section of Management's Discussion & Analysis

Net earnings decreased \$14.7 million or 37.1% to \$24.8 million. Net earnings attributable to shareholders were \$24.1 million and diluted earnings per share were \$0.49 per share compared to \$0.78 per share last year due to the factors noted above. Excluding the impact of the \$15.4 million in after-tax insurance-related gains last year and share-based compensation, adjusted net earnings² increased 2.7% compared to last year as higher gross profit was partially offset by the Expense factors previously noted.

Further information on the financial results is available in the Company's 2019 third quarter Report to Shareholders, Management's Discussion and Analysis and unaudited interim period condensed consolidated financial statements which can be found in the investor section of the Company's website at www.northwest.ca.

Third Quarter Conference Call

North West will host a conference call for its third quarter results on December 11, 2019 at 1:30 p.m. (Central Time). To access the call, please dial 416-340-2217 or 800-806-5484 with a pass code of 2976340. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 9313908 on or before January 11, 2020.

Notice to Readers

Certain forward-looking statements are made in this news release, within the meaning of applicable securities laws. These statements reflect North West's current expectations and are based on information currently available to management. The words may, will, should, believe, expect, plan, anticipate, intend, estimate, predict, potential, continue, or the negative of these terms, identify forward-looking matters. These statements speak only as of the date of this press release. The actual results could differ materially from those anticipated in these forward-looking statements.

Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance, capital expenditures or achievements of North West to differ materially from anticipated future results, performance, capital expenditures or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, business performance, fluctuations in interest rates and currency values, legislative and regulatory developments, legal developments, the occurrence of weather-related and other natural catastrophes, changes in tax laws, and those risks and uncertainties detailed in the section entitled Risk Factors in North West's Management's Discussion and Analysis and Annual Information Form, both for the year-ended January 31, 2019. The preceding list is not an exhaustive list of possible factors. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. North West undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

Company Profile

The North West Company Inc., through its subsidiaries, is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. North West operates 246 stores under the trading names Northern, NorthMart, Giant Tiger, Alaska Commercial Company, Cost-U-Less and RiteWay Food Markets and has annualized sales of approximately CDN\$2.0 billion.

The common shares of North West trade on the Toronto Stock Exchange under the symbol NWC.

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